GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2117
ANSWERED ON:12.12.2008
FINANCIAL ASSISTANCE TO CO OPERATIVE BANKS
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Will the Minister of FINANCE be pleased to state:

(a) whether the financial burden of co-operative banks have increased due to the loan waiver scheme announced by the Government recently;

(b) if so, the details thereof;

(c) whether the Government proposes to provide financial assistance to such co-operative banks; and

(d) if so, the details thereof and the steps being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI PAWAN KUMAR BANSAL)

(a) to (d) : The Government is aware of the financial burden of co-operative banks arising due to the implementation of Agricultural Debt Waiver and Debt Relief Scheme, 2008.

The Government has already released Rs.25,000 crore to RBI (Rs.17,500 crore for Cooperative Banks and Regional Rural Banks and Rs.7,500 crore for Scheduled Commercial Banks, Urban Cooperative Banks and Local Area Banks). The balance reimbursable claims would be released in July 2009, July 2010 and July 2011. The Government has also decided to pay interest on the balance reimbursable claims.

Besides, the Government has taken the following steps to provide adequate liquidity support to the Cooperative Banks :-

Government has set up a Short Term Cooperative Rural Credit (STCRC) Fund in National Bank for Agriculture and Rural Development (NABARD) with an initial corpus of Rs. 5,000 Crore.

NABARD is extending refinance to the extent of 75% of actual crop loan disbursed during Kharif 2008, as against 35% in earlier years.

NABARD has enhanced its refinance budget to cooperative banks / RRBs from Rs. 18,432 crore in 2007-08 to Rs. 21,500 crore in 2008-09.

NABARD has deferred the dues repayable by State Cooperative Banks upto 6 months.

Under the Vaidyanathan Package for the revival of the Short Term Cooperative Credit Structure (STCCS), Government, through NABARD, has released Rs. 4,448.68 crore to the concerned STCCS.